

3. This suggestion seems to me completely unacceptable, and I am enclosing a draft† of a reply which, if you agree, I shall send to the Treasury.

4. The matter has been informally discussed with the specialists on Spain in the Foreign Office with a view to ascertaining whether they thought this attitude on the part of the Spaniards was significant of any trend in Spanish policy towards Canada in particular, or towards the United Nations in general. The Foreign Office view was that they knew of no reason why Spain should choose this particular time to act in this way towards Canada, and they suspected that it was just a convenient excuse for not paying up. They agreed that the Spanish attitude was preposterous and were in favour of telling the Spaniards so. They suggested, however, that in dealing with Spain it was advisable not to sacrifice the chances of a settlement of a number of outstanding grievances by protesting too vehemently over one. They themselves are still seeking compensation for Civil War damages to British property. The Treasury is considering the presentation to the Spanish Government of a demand for a general settlement of all outstanding financial questions, and it might be advantageous for us to collaborate with them in seeking a settlement of all Canadian grievances at the same time. It has therefore been indicated in the draft to the Treasury that we should not want, by annoying the Spaniards unduly at this time, to prejudice the chances of a general settlement later on.

5. As the Treasury would not be aware of the Kobbe case, no mention has been made in our letter to them of this additional grievance on our part. The Foreign Office, however, have said that they would be reporting directly to the Ambassador in Madrid on this development and they would remind him that this continuing cause of dissatisfaction could not be dissociated from any consideration on our part of our relations with Spain.

I have etc.

N. A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

*La Trésorerie de Grande-Bretagne au secrétaire par intérim,
le haut commissariat en Grande-Bretagne*

*Treasury of Great Britain to Acting Secretary,
High Commission in Great Britain*

London, November 23, 1946

Dear Hudd,

Mr. Ellis-Rees of the Treasury has just returned from a visit to Madrid where he had discussions with Spanish authorities on matters connected with trade and payments with the United Kingdom.

At a meeting with Señor Navasques, the Director General of Political Economy at the Ministry of Foreign Affairs, he took the opportunity of men-